

001

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

FORM 3

AMENDED REPORT ☐
(highlight changes)

APPLICATION FOR PERMIT TO DRILL				5. MINERAL LEASE NO: UTU 006614	6. SURFACE: Federal
1A. TYPE OF WORK: DRILL <input checked="" type="checkbox"/> REENTER <input type="checkbox"/> DEEPEN <input type="checkbox"/>				7. IF INDIAN, ALLOTTEE OR TRIBE NAME:	
B. TYPE OF WELL: OIL <input type="checkbox"/> GAS <input checked="" type="checkbox"/> OTHER _____ SINGLE ZONE <input type="checkbox"/> MULTIPLE ZONE <input type="checkbox"/>				8. UNIT or CA AGREEMENT NAME:	
2. NAME OF OPERATOR: Carbon Energy Corporation USA				9. WELL NAME and NUMBER: Pine Springs Fed. 9-23-14S-22E	
3. ADDRESS OF OPERATOR: 1700 Broadway CITY Denver STATE CO ZIP 80290				PHONE NUMBER: (303) 863-1555	10. FIELD AND POOL, OR WILDCAT: Pine Springs
4. LOCATION OF WELL (FOOTAGES) AT SURFACE: 2129' FNL 375' FEL AT PROPOSED PRODUCING ZONE: Same				11. QTR/QTR, SECTION, TOWNSHIP, RANGE, MERIDIAN: SENE 23 14S 22E S	
14. DISTANCE IN MILES AND DIRECTION FROM NEAREST TOWN OR POST OFFICE: 40 miles South of Ouray UT				12. COUNTY: Uintah	13. STATE: UTAH
15. DISTANCE TO NEAREST PROPERTY OR LEASE LINE (FEET) 375'		16. NUMBER OF ACRES IN LEASE: 1904.46		17. NUMBER OF ACRES ASSIGNED TO THIS WELL: Unspaced	
18. DISTANCE TO NEAREST WELL (DRILLING, COMPLETED, OR APPLIED FOR) ON THIS LEASE (FEET) 3833'		19. PROPOSED DEPTH: 5,350		20. BOND DESCRIPTION: UT0604	
21. ELEVATIONS (SHOW WHETHER DF, RT, GR, ETC.): 7146.5 GL		22. APPROXIMATE DATE WORK WILL START: 8/30/2002		23. ESTIMATED DURATION: 10 days	

24.

PROPOSED CASING AND CEMENTING PROGRAM

SIZE OF HOLE	CASING SIZE, GRADE, AND WEIGHT PER FOOT	SETTING DEPTH	CEMENT TYPE, QUANTITY, YIELD, AND SLURRY WEIGHT
12 1/4	8 5/8 J-55 24	500	CI-'G' 365 sx 1.17cf/sk 15.8#/gal
7 7/8	4 1/2 K-55 10.5	5,350	Prem.II 294 sx 3.29 cf/sk 11.0#/gal
			Prem II 290 sx 1.43 cf/sk 14.5#/gal

25.

ATTACHMENTS

VERIFY THE FOLLOWING ARE ATTACHED IN ACCORDANCE WITH THE UTAH OIL AND GAS CONSERVATION GENERAL RULES:

- ☒ WELL PLAT OR MAP PREPARED BY LICENSED SURVEYOR OR ENGINEER
☒ EVIDENCE OF DIVISION OF WATER RIGHTS APPROVAL FOR USE OF WATER
☒ COMPLETE DRILLING PLAN
☐ FORM 5, IF OPERATOR IS PERSON OR COMPANY OTHER THAN THE LEASE OWNER

NAME (PLEASE PRINT) Ron Millet

TITLE Drilling Manager

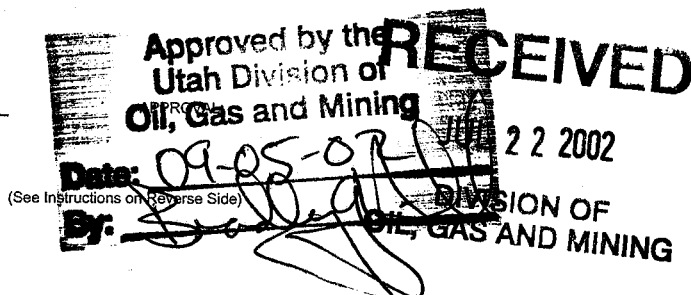
SIGNATURE

DATE 7/18/2002

(This space for State use only)

API NUMBER ASSIGNED:

43-047-34674



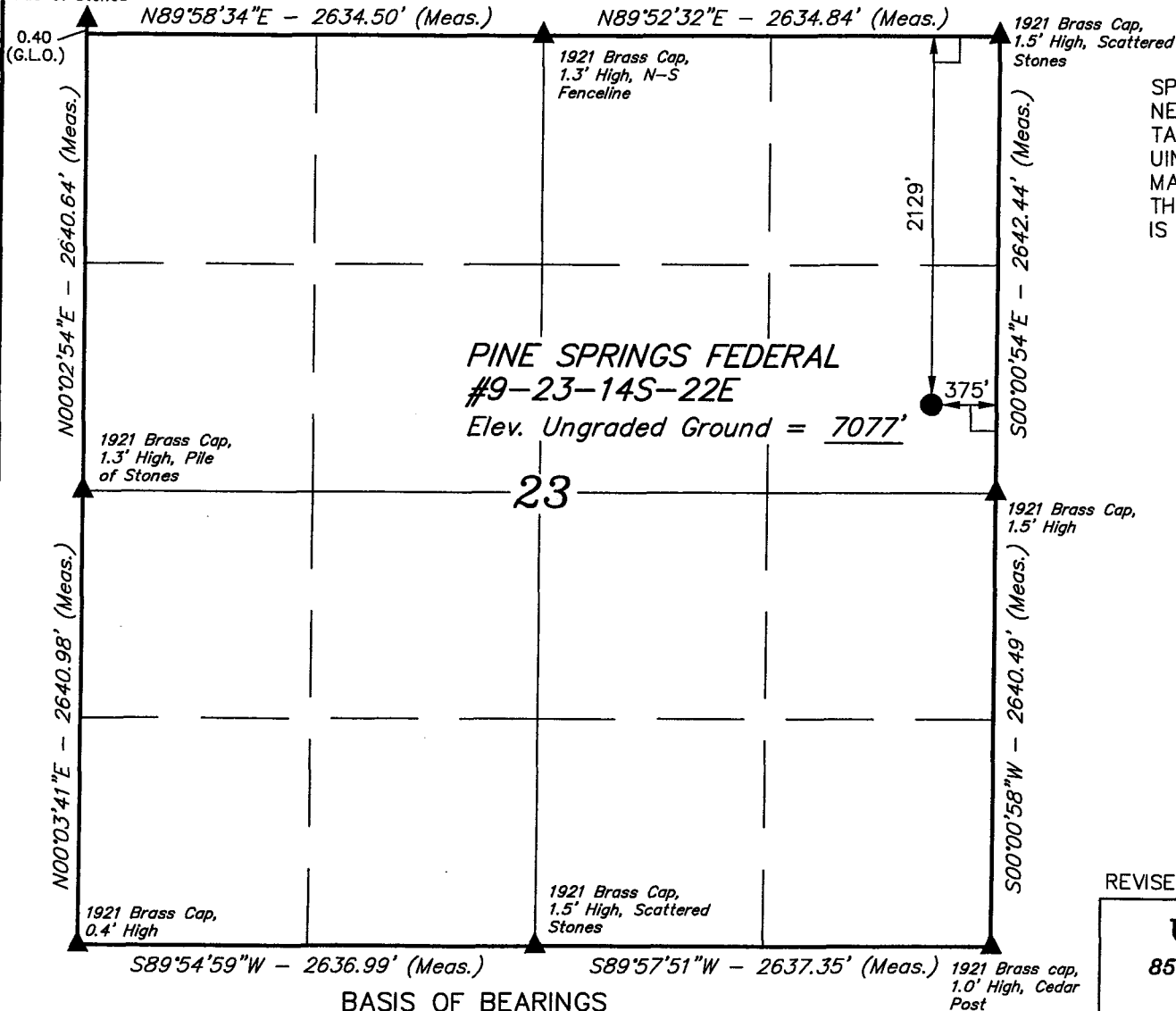
(11/2001)

(See Instructions on Reverse Side)

T14S, R22E, S.L.B.&M.

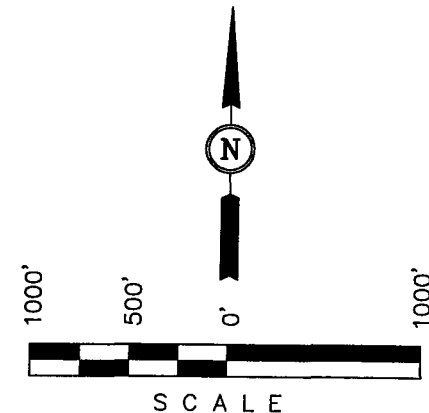
Well location, PINE SPRINGS FEDERAL
#9-23-14S-22E, located as shown in the
SE 1/4 NE 1/4 of Section 23, T14S, R22E,
S.L.B.&M. Uintah County, Utah.

W.C. 1975 Brass
Cap, 1.0' High,
Pile of Stones



BASIS OF ELEVATION

SPOT ELEVATION AT A ROAD INTERSECTION IN THE
NE 1/4 OF SECTION 25, T14S, R22E, S.L.B.&M.
TAKEN FROM PINE SPRING CANYON QUADRANGLE, UTAH,
UINTAH COUNTY, 7.5 MINUTE SERIES (TOPOGRAPHICAL
MAP) PUBLISHED BY THE UNITED STATES DEPARTMENT OF
THE INTERIOR, GEOLOGICAL SURVEY. SAID ELEVATION
IS MARKED AS BEING 7172 FEET.



CERTIFICATE

THIS IS TO CERTIFY THAT THE ABOVE PLAT WAS PREPARED FROM
FIELD NOTES OF ACTUAL SURVEYS MADE BY ME OR UNDER MY
SUPERVISION AND THAT THE SAME ARE TRUE AND CORRECT TO THE
BEST OF MY KNOWLEDGE AND BELIEF.

Robert L. Ray
REGISTERED LAND SURVEYOR
REGISTRATION NO. 161319
STATE OF UTAH
ROBERT L. RAY

REVISED: 7-8-02

UINTAH ENGINEERING & LAND SURVEYING
85 SOUTH 200 EAST - VERNAL, UTAH 84078
(435) 789-1017

LEGEND:

└─┘ = 90° SYMBOL

● = PROPOSED WELL HEAD.

▲ = SECTION CORNERS LOCATED.

BASIS OF BEARINGS IS A G.P.S. OBSERVATION.

(AUTONOMOUS NAD 83)

LATITUDE = 39°35'13.09" (39.586969)

LONGITUDE = 109°24'52.09" (109.414469)

SCALE 1" = 1000'	DATE SURVEYED: 5-23-02	DATE DRAWN: 6-4-02
PARTY J.F. J.J. C.G.	REFERENCES G.L.O. PLAT	
WEATHER WARM	FILE BONNEVILLE FUELS CORP.	

EIGHT POINT DRILLING PLAN
Attached to Form 3160-3: Application for Permit to Drill:
Carbon Energy Corporation (USA)
Pine Springs Federal #9-23-14S-22E
2129' FNL, 375' FEL, Sec 23, T14S, R22E
Uintah County, Utah

1. ESTIMATED TOPS: IMPORTANT GEOLOGIC MARKERS:

Green River	0'
Wasatch	1510'
Mesa Verde:	3072'
Upper Sego:	4606'
Lower Sego:	4842'
Buck Tongue:	4890'
Castlegate:	4974'
Mancos Shale:	5249'

2. ESTIMATED DEPTHS OF ANTICIPATED WATER, OIL, GAS OR MINERALS:

Water:

Wasatch Fm.:	Occ. Sands: 1,510' to 3072'.
Mesa Verde Fm.:	Occ. Sands: 3,072' to 4,974'.
Castlegate Fm:	4,974' to 5,014'.

Oil:

No oil is anticipated during the drilling of this well.

Gas:

Wasatch Fm.:	Occ. Sands: 1,510' to 3072'.
Mesa Verde Fm.:	Occ. Sands: 3,072' to 4,974'.
Castlegate Fm:	4,974' to 5,014'.

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3. MINIMUM SPECS FOR PRESSURE CONTROL:

- a. A diagram of the Blowout Preventer Stack and Choke Manifold is presented in Exhibit #1 and Exhibit #1A respectively.
- b. The BOP Equipment will be a 3M (3,000 psi min. Working Pressure) system consisting of:
 - i. The Blow-Out Preventer Stack Description and Specifications:
 - An 8-5/8" X 11" SOW 3,000 psi WP casing head will be installed as the starting head.
 - An 11" 3,000 psi X 11" 3,000 psi WP drilling spool will be installed on the starting head.
 - An 11" X 3,000 psi WP (min) double gate hydraulic type ram preventer with Pipe rams over Blind rams will be installed above the drilling spool.
 - An 11" rotating head may be installed above an annular preventer.
 - ii. The Choke and Kill Manifolds:
 - A 2" x 3,000 psi (min) choke manifold and kill line will be tied into opposite sides of the 11" x 3,000 psi WP (min) drilling spool.
 - A 2" x 3,000 psi (min) WP FO gate valve will be up-stream of the choke manifold assembly. This valve will be in the open position during normal drilling operations.
 - The choke manifold will consist of 2" x 3,000 psi (min) WP pipe and 2 - 2" x 3,000 psi (min) WP FO adjustable chokes with 2" x 3000 psi (min) WP FO valves upstream. These valves will be closed during normal air and mud drilling operations. A single 2" x 3,000 psi (min) WP FO gate valve will be between the flow tee and the 2"(min) bleed line. This valve will be open during normal air and mud drilling operations. In-board of the gate valves in the manifold assembly there will be a 2" x 3,000 (min) psi WP flow tee with bull plug, needle valve, and gauge for well control operations.
 - The bleed line will be appropriately staked and chained down to the flare pit.
 - The kill line will be 2" x 3,000 psi (min) WP line pipe.
 - A 2" x 3,000 psi (min) WP FO gate valve will be up-stream of the choke manifold.
 - iii. Surface Drill String Valves:
 - A 3,000 psi WP (min) FO safety valve with subs to fit all drill strings in use will be kept on the drill floor after surface casing is set.
 - A 3,000 psi (min) WP Upper kelly valve with handle will be used throughout drilling

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operations.

iv. The Accumulator System:

- An accumulator with sufficient capacity to operate the BOPE against a 2,000 psi well pressure (min) will be used to operate the BOP system. It shall contain enough fluid capacity to close all BOP equipment and retain accumulator pressure at 200 psig over the pre-charge pressure. A nitrogen bottle system may be used to provide independent (reserve) power to operate the system in the event rig motors must be shut down.

c. Testing Procedures and Test Frequency:

- All of the pressure side BOP Equipment specified in Part b. above will be nipped-up on the surface casing. A test plug will then be set in the starting head profile.
- All pressure side components will be hydraulically tested for fifteen (15) minutes (min) to 2000 psi and five (5) minutes (min) to 300 psi prior to drilling out cement. Surface casing will be pressure tested to 1000 psi before drilling out the surface casing shoe. These components will be re-tested each 30 days after drill-out at an appropriate time with a test plug set in the starting head profile.
- Pipe rams will be operationally checked each 24-hour period, and the blind rams operationally checked each time pipe is pulled from the hole.
- All pressure tests and function tests will be noted on the daily drilling report.

d. Tripping procedures for well control:

- The anticipated maximum bottom-hole formation pressure is 1300 psig in the Castlegate. The anticipated mud weight at T.D. is 8.9 PPG. This will provide an anticipated hydrostatic pressure of 2,184 psig for an over-balance pressure of 884 psig at TD.
- The well will be drilled by a triple, double, or lay-down singles derrick rig with 4-1/2" drill pipe and 6" (minimum) drill collars.
- The well will be monitored each 9-10 joints on trips out of the hole to insure that the BHA is not swabbing the well in. The well will be filled after each 30 joints of drill pipe and as each drill collar is pulled from the hole. Pits will be monitored in order to insure that the well is taking fluid on the trip.
- The fill-up line will be used to fill the well on trips. The kill line **WILL NOT** be used to fill the well on trips.
- **In the event that the bit is plugged on a trip the well will be filled after each 15 joints of drill pipe are pulled from the well and as each drill collar is pulled from the well. Swabbing will be checked each 6 joints.**

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2129' FNL, 375' FEL, Sec 23, T14S, R22E
Uintah County, Utah

4. CASING AND CEMENTING PROGRAM:

a. General Casing and Cementing Design Specifications:

Hole Size, In.	Depth, Ft	Casing OD, In	Wt/Gd/Jt/Cond	Cement
12-1/4"	500' (Min)	8-5/8"	24 LB/Ft; J-55; STC; New/Used (Inspected)	365 sks Class "G" + 2% CaCl + 1/4 #/sk Celloflake 1.17 cuft/sk, 15.8 #/gal
7-7/8"	5350'	4-1/2"	10.5 LB/Ft; J or K-55; STC or LTC; New/Used (Inspected)	Lead: 294 sks Premium II Cement + 0.25 #/sk Cello Flake + 0.8% bwoc FL-52 + 10% Bentonite + 0.5% Sodium Metasilicate + 3 #/sk BA-90 + 2% CaCl + 0.05 #/sk Static Free 3.29 cuft/sk, 11.0 #/gal. Tail: 290 sks Premium II Cement + 0.05 #/sk Static Free + 0.2% R-3 + 3% KCL + 0.25% Cello Flake + 2 #/sk Kol Seal + 0.5% FL-62 + 0.2% Sodium Metasilicate 1.43 cuft/sk, 14.5 #/gal Note: Actual cement volume to be based upon caliper log.

- NOTE: Cement will be raised at least 200' into the surface casing. A mud log from the base of the surface casing to T.D. is planned and a Formation Density/Compensated Neutron porosity log will be run from T.D. to base of surface casing to confirm volumes prior to cementing.

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Uintah County, Utah

b. Casing Centralization Equipment:

i. Surface Casing:

- A total of 4 centralizers will be run on the 8-5/8" OD Surface Casing: 1 at 10 ft. above the shoe, 1 at the 1st collar, 1 at the 2nd collar, and 1 at the 4th collar above the shoe.

ii. Production Casing:

- Centralizers will be placed 10' above the shoe and no further apart than every other collar through Castlegate interval.

5. PROPOSED DRILLING FLUIDS:

DEPTH	TYPE	MUD WT., LB/GAL	VISCOSITY	WATER LOSS
0' – 500' (Min)	Spud Mud	8.4 – 9.5	28 – 40 Sec/Qt	No Control
00' – TD	LSND w/2 ½% to 3 ½% KCL	8.8 – 8.9	38 – 40 Sec/Qt	10 - 14

6. LOGGING, TESTING, AND CORING PROGRAM:

a. The logging program will consist of:

i. AIT/GR/SP:

T.D. to Surface Casing.

ii. FDC – CNL w/ GR & Caliper:

T.D. to Surface Casing.

b. No cores are planned.

c. No DST's are planned.

d. A manned mud logging unit with a hotwire and chromatograph is planned from the base of the surface casing to TD. 30 ft samples will be obtained from the base of the surface casing to TD or at

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geologist's discretion.

7. ABNORMAL CONDITIONS - PRESSURE - TEMPERATURE - POTENTIAL HAZARDS:

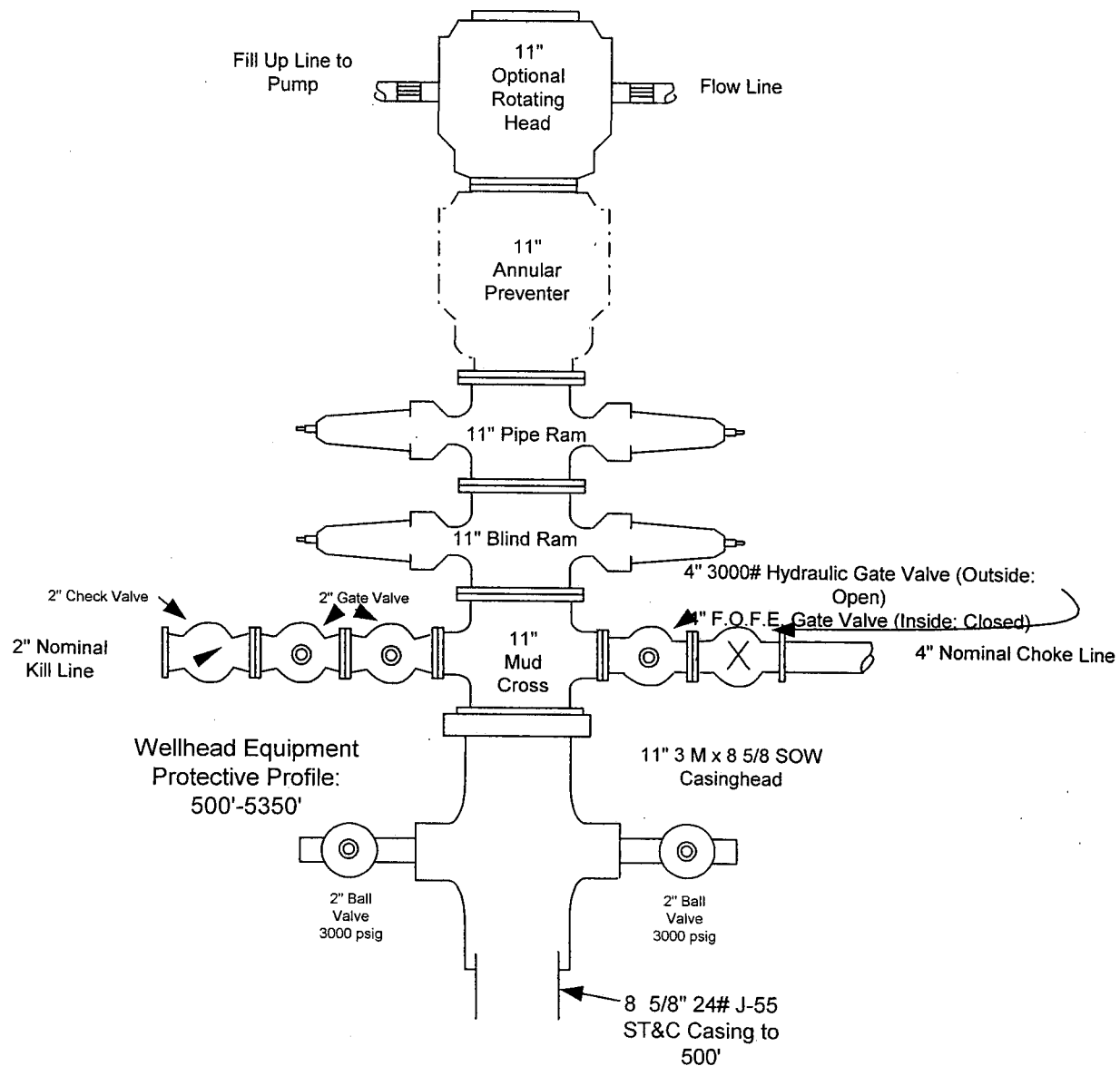
Normal pressures and temperatures are expected in the objective formation. A maximum Castlegate surface shut-in pressure of 1300 psi is expected. A maximum bottom hole temperature of 118 degrees Fahrenheit is anticipated. Sour gas (H₂S) is not anticipated.

8. ANTICIPATED STARTING DATE AND DURATION OF OPERATIONS:

Road and location construction will begin as soon as APD approval has been granted by the BLM. The anticipated spud date for this well is currently August 30, 2002 subject to rig availability and permit approval. Once commenced, drilling operations should be finished within 8 to 10 days. Side-tracking operations, if required, will considerably extend the period of operations. Appropriate verbal notification of side-tracking operations shall immediately be made if such operations are required, plug-back procedures confirmed, and appropriate Sundry Notices filed as soon as possible. If the well is productive, an additional 8 to 10 days will be required for completion.

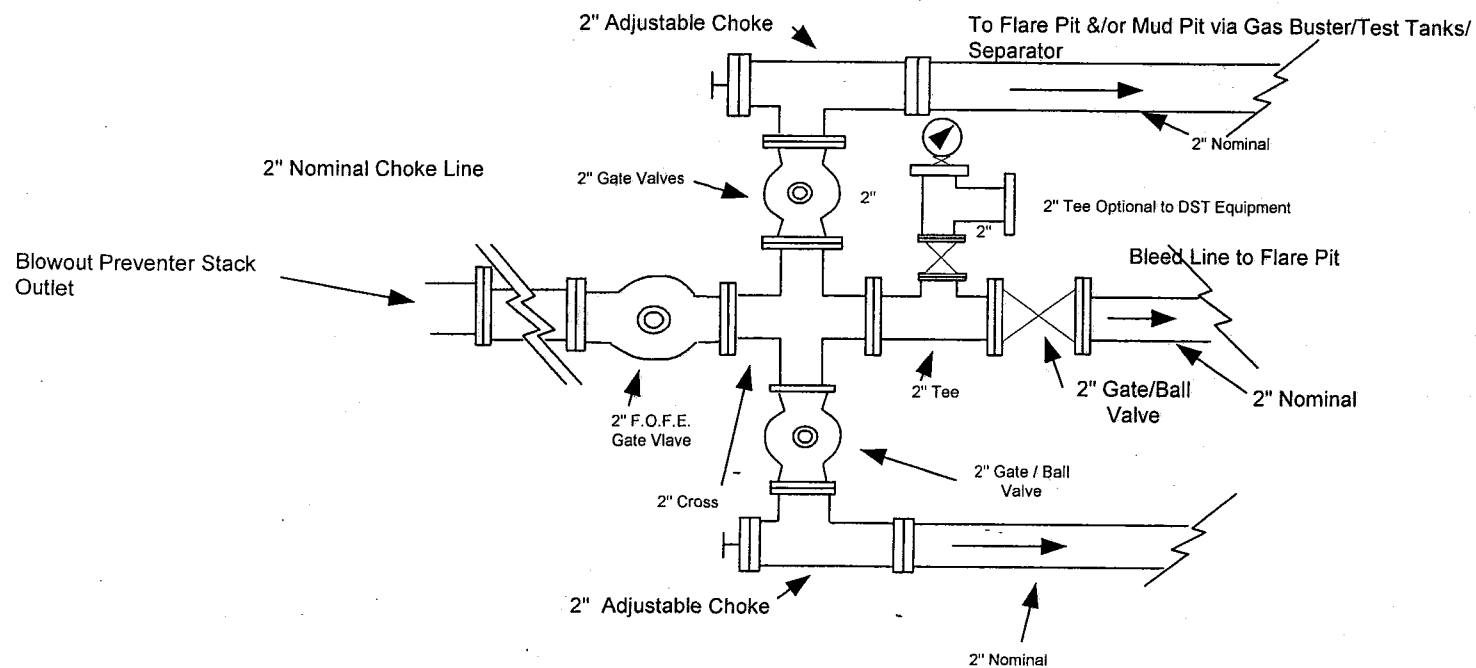
Pine Springs Federal #9-23-14S-22E
Minimum Blow-Out Preventer
Requirements
All 3000 PSI WP Equipment
(Except Casinghead & Spools as Noted
Below)

Exhibit #1



Pine Springs Federal #9-23-14S-22E
Choke Manifolds
All 3000 PSI WP (Min) Equipment

Exhibit # 1A



Attached to Form 3160-3
Carbon Energy Corporation (USA)
Pine Springs Federal #9-23-14S-22E
2129' FNL & 375' FEL, Sec 23, T14S, R22E S.L.B.&M
Uintah County, Utah

1. EXISTING ROADS:

- A. The proposed well site digital photographs (Exhibit #2), elevation/survey plat (Exhibit #2a), and topographic maps (Exhibit #2b and #2c) are attached.
- B. To reach the well site, proceed from Ouray, Utah 38.6 miles south on Seep Ridge Road, turn right and travel 400' in a southwesterly direction to the proposed well site.
- C. Access roads to the well are color coded or labeled as shown on Exhibit #2c.
- D. Existing highways and roads in the area are under the jurisdiction of the BLM or Uintah County. Access roads are identified on Exhibits #2b & #2c.

2. PLANNED ACCESS ROADS:

- A. The proposed access road will depart from the Seep Ridge Road and continue in a southwesterly direction for 400' along a newly constructed road to the well location. (See Exhibit 2c).
- B. The access road will be crown and ditch construction. The general access road width will be an 18' traveling surface. Away from the access approach a maximum disturbance width of 30' is currently anticipated. If necessary, the access road width on curves with impaired visibility, due to topography, will be a 20' traveling surface.
- C. The access road grade will average 0 to 5%.
- D. No turnouts are planned except at the access road entrance and at the location.
- E. Water bars will be placed if appropriate. None are anticipated.
- F. No culverts, bridges, or major cuts and fills are anticipated.
- G. Surfacing materials will consist of native surface soil, native alluvium where present, and 3/4" road-base crush from a commercial gravel pit if gravel is required by drilling, completion, or production operations.

- H. Gates, cattle guards or fence cuts will be installed if appropriate. Currently, none are anticipated.
- I. No additional right of ways are anticipated for this project.

3. LOCATION OF EXISTING WELLS:

For the location of existing wells within a one-mile radius of this well, see Exhibit #3. The wells indicated on Exhibit #3 are all that BFC is aware of at this time.

- A. There are No domestic water wells within a one-mile radius.
- B. There are 2 abandoned wells within a one-mile radius.
- C. There are 0 temporarily abandoned wells within a one-mile radius.
- D. There are NO known disposal wells within a one-mile radius.
- E. There are 0 drilling wells within a one-mile radius.
- F. There are 0 producing wells within a one-mile radius.
- G. There are NO known shut-in wells within a one mile radius.
- H. There are NO known injection wells within a one-mile radius.

4. LOCATION OF EXISTING OR PROPOSED FACILITIES IF WELL IS PRODUCTIVE:

- A. If the well is productive, contemplated facilities will be as follows:
 - (1) The tank battery will be located on solid ground of the cut area of the drill pad. All BFC facilities will be contained on the planned well pad.
 - (2) Refer to Exhibit #4 for the proposed production facility schematic.
 - (3) Dependent upon flow test results, a gas separator, multiple 300 bbl tanks, and a meter house will be required. All well pad flow lines and piping will be buried and installed according to API specifications. Construction materials will consist of excavated alluvium, shale, and soils (except top soils). Use of additional materials from outside sources is not anticipated at this time (with the exception of 3/4" crushed road-base gravel from a commercial pit). All facilities will be painted Juniper Green as agreed during the on-site inspection 7/2/2002.

(4) No surface pits are planned at this time.

B. Off Well Pad:

- (1) The 4" gas sales line will extend southeast 400' along the newly upgraded lease road and tie in to an existing pipeline lateral to the Pine Springs Federal #13-26-14S-22E well site. **The proposed pipeline route has been centerline staked and will follow the newly constructed access road to the well site.** Archaeological surveys have been completed for this route. Construction will, of course, be contingent upon well-test results and permit approval/clearance by the BLM, State of Utah, and Uintah County authorities.
- (2) No additional facilities are planned at this time.
- (3) Unless otherwise directed the 4" pipeline will be installed on the surface.
- (4) No additional protective measures are planned to protect livestock and wildlife.

5. LOCATION AND TYPE OF WATER SUPPLY:

- A. Water will be purchased from a tank truck company in the Vernal, Utah area at a permitted fresh water source. Current plans are to obtain this water from Willow Creek at Buck Canyon if available or from a water well at Ouray, Utah. These arrangements have NOT been secured. **WR 43-8496**
- B. Water will be hauled by tank truck to the drilling site as needed. The access will conform to roads identified on Exhibit #2b.
- C. No water well will be drilled on, or near, this well location.

6. SOURCE OF CONSTRUCTION MATERIALS:

- A. No construction materials are anticipated for drilling the well or constructing the access road onto the location. Compacted cut material will be utilized for the drilling site and access road (drill-site topsoil will be stockpiled for re-vegetation at the site as indicated on Exhibit #6).
- B. Only native construction materials in the permitted area of disturbance, outlined for use in construction herein, will be used from BLM administered lands.
- C. Native surface soil materials for construction of access roads are anticipated to be sufficient. If necessary, road surface materials (3/4" road-base) will be purchased from the dirt contractor. An appropriate crush will be specified.

- D. Exhibits #2b & #2c identify the access roads. Uintah County and Bureau of Land Management roads are involved. Care will be taken in maintaining the BLM road, and the County road entrance, to BLM and Uintah County Standards.
- E. Exhibit #5 shows proposed cut & fill cross-sections for the location.

7. METHODS OF HANDLING WASTE DISPOSAL:

- A. Methods and location of proposed safe containment and disposal of waste material.
 - (1) Cuttings not retained for evaluation purposes will be discharged into the reserve pit as shown on Exhibit #6.
 - (2) A portable chemical toilet will be provided on the location for human waste. Trailer septic tank facilities will be provided for trailer wastes. This sewage waste will be removed to and disposed of at the Ashley Valley Sewage Treating Plant.
 - (3) Garbage and trash produced during drilling, completion and testing operations will be handled in a trash cage. This garbage will be hauled to the Uintah County landfill after drilling /completion operations are finished. Water and tailings will be disposed into the reserve pit.
 - (4) Small amounts of potassium chloride are anticipated in the drilling mud system and will be disposed of in the reserve pit.
 - (5) No toxic waste/chemicals subject to reporting under SARA Title III in an amount greater than 10,000 pounds will be used in the proposed operations.
 - (6) If the well is productive, produced water will be disposed of at the Ace Disposal 10 miles west of Vernal, Utah.
- B. Drilling mud and produced water, if any, will be disposed of into tanks or contained in the reserve pit. Produced oil will be collected in tanks for sale. If the volume of oil is sufficient during drilling, it will be trucked from the location. Drilling mud and produced water will be disposed of by pit evaporation or hauled to an appropriate disposal facility. The reserve pit will be lined with a synthetic liner as described in section 9C.
- C. Drilling fluids will be contained in steel mud tanks. The reserve pit will contain any excess flow from the well during mud drilling & cementing operations. The reserve pit will be an earthen pit, approximately 120' x 50' x 10' deep.

- D. After the rig moves out, all materials will be cleaned up and no adverse materials will be left on location. All stock piles of top soil will be seeded with the mixture described in Section 10A and will be walked in with a dozer to hold seed and minimize erosion. Any open pits will be fenced after drilling operations conclude, and these pits will remain fenced until they have dried. All pits will be back filled, re-contoured and re-seeded when pits are dry enough to backfill, as weather permits. Only that part of the pad required for production operations and well maintenance operations will be kept in use. All other drill pad areas will be re-contoured and re-seeded. In the event of a dry hole, only an appropriately specified dry hole marker will remain.

8. ANCILLARY FACILITIES:

No air strip, campsite, or other facilities will be constructed during drilling and completion operations at this well site.

9. WELL SITE LAYOUT:

- A. Refer to Exhibit #6 for the Drill Pad layout as staked. Cuts and fills have been indicated per Exhibit #5 to show the planned cut and fill across the proposed location. Topsoil will be stockpiled at the South edge of the location for reclamation & re-contouring.
- B. Refer to Exhibit #6 for a planned location diagram of the proposed rig and drilling equipment, reserve pit, and pipe racks. No permanent living facilities are planned. There will be trailers for supervision on the site. Sewage will be collected in septic facilities for disposal.
- C. The rig orientation, turn-around area, parking area, and access road entrance onto location are shown on Exhibit #6.

The reserve pit will be located on the southwest corner of the location. A plastic nylon reinforced liner will be used. It will be a minimum of 12 mil thickness with felt bedding to cover any rocks. The liner will overlap the pit walls and be covered with dirt and/or rocks to hold it in place. No trash, scrap pipe, etc., that could puncture the liner will be disposed of in the pit.

The flare pit will receive cuttings, gas, and mud/water during drilling operations. The flare pit will be approximately 20' x 20' x 6' deep. The flare pit will be located at least 100' (nearest corner or edge) from the well bore, 30 ft from the NW corner of the reserve pit. A minimum 10' earthen backstop of earth fill shall be constructed at the far end of the flare pit. Earthen embankments shall be constructed to prevent fluid loss to surrounding lands. Flare pit fluids shall drain via a trench, by gravity, into the reserve pit (see Exhibit #6).

The reserve pit will be fenced with 39-inch net wire with one strand of barbed wire on the three (3) exterior sides prior to the commencement of drilling operations. The fourth side will be fenced when the rig moves off location. The flare pit will be fenced on all sides prior to the commencement of drilling operations.

10. PLANS FOR RESTORATION OF SURFACE:

A. If the well is productive:

The plan for rehabilitation of the disturbed area no longer needed for production operations after drilling and completion activities are finished is as follows:

The entire location will be inspected for trash and other refuse, and such trash/refuse if found, will be cleaned up.

Oil or other adverse substance on the pits will be removed in accordance with 43 CFR 3162.7-1.

The pit liner will be torn and perforated before back filling of the reserve pit after the contents of the pit are dry.

The area of the drill site not needed for producing operations/facilities and well maintenance operations will be re-contoured to the original contours as nearly as possible and re-vegetated/re-seeded along contours. Vegetation and rehabilitation will be achieved by reseeding after re-contouring the site. A seed mixture of 4 #/acre Bitter Brush, 4 #/acre Needle & Thread, & 4 #/acre Western Wheat will be used. Time to complete rehabilitation depends upon the time necessary for pits to dry. Pit closure, re-contouring, planting, and re-vegetation should occur by fall 2002, if normal weather patterns ensue.

B. Dry Hole/Abandoned Location

If the well is to be plugged and abandoned, a subsequent report of abandonment will be submitted to obtain the appropriate surface rehabilitation conditions of approval.

11. SURFACE OWNERSHIP:

The surface ownership of the access road and location is BLM.

12. OTHER INFORMATION:

A Cultural Resources Survey, by Montgomery Archaeological Consultants, Moab, Utah has been completed for the proposed site, access road, and pipeline route. A prehistoric site documented as 42Un3141 was identified at this site. As per the MAC recommendation a qualified archeologist will monitor the construction of this location to support the determination of "no historic properties affected" recommendation. The archaeological

reports are attached to this permit. An on-site inspection was conducted on was conducted on July 2, 2002 under NOS procedure. In attendance were Mr. Byron Tolman, Stephanie Howard, & Dixie Sadler, Bureau of Land Management Vernal Resource Area; Mr. Jim Oldham with Diamond J, Inc.; Mr. Keith Montgomery with Montgomery Archeological; & Ron Millet with Carbon Energy Corp.

Noxious weeds will be controlled along rights of way for roads, pipelines, well sites, or other applicable facilities pertaining to this project. A pesticide use proposal will be submitted prior to the application of herbicides or pesticides.

Drilling rigs and/or equipment will not be stacked or stored on Federal lands.

No construction or drilling activities shall be conducted between November 1st and April 1st because of critical elk winter range.

13. LESSEE'S AND OPERATOR'S REPRESENTATIVE:

Carbon Energy Corporation (USA)
1700 Broadway, Suite #1150
Denver, Colorado 80290

Contact: R.L. Millet
Drilling Manager
phone: (303) 785-2604 office
phone: (303) 841-7604 home

CERTIFICATION:

I hereby certify that I, or persons under my direct supervision, have inspected the proposed drill site and access routes; that I am familiar with the conditions which currently exist; that the statements made in this plan are, to the best of my knowledge, true and correct; and that the work associated with operations proposed herein will be performed by Carbon Energy Corporation (USA) and its contractors and subcontractors in conformity with this plan and the terms & conditions under which it is approved. This statement is subject to the provisions of 18 U.S.C.1001 for the filing of a false statement.

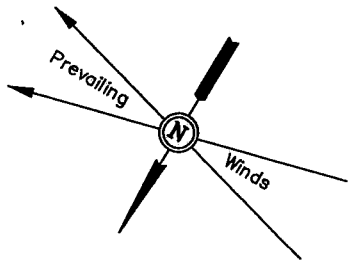
Date: July 15, 2002

R.L. Millet
Drilling Manager

LOCATION LAYOUT FOR

PINE SPRINGS FEDERAL #9-23-14S-22E
SECTION 23, T14S, R22E, S.L.B.&M.

2129' FNL 375' FEL



SCALE: 1" = 50'
DATE: 7-8-02
Drawn By: C.G.

NOTE:

Flare Pit is to be located
a min. of 100' from the
Well Head.

Total Pit Capacity
W/2' of Freeboard
= 4,720 Bbls. ±
Total Pit Volume
= 1,390 Cu. Yds.

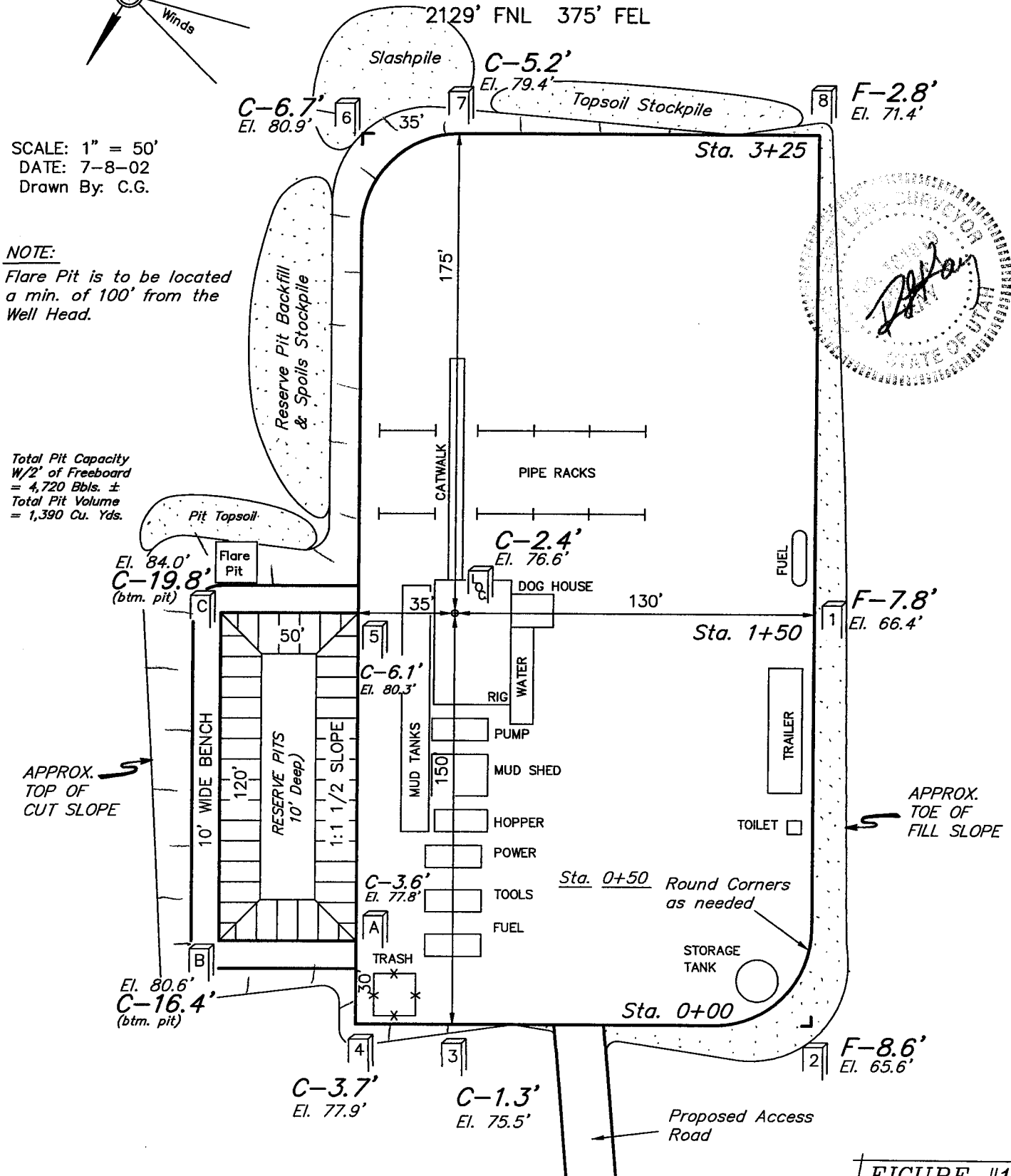


FIGURE #1

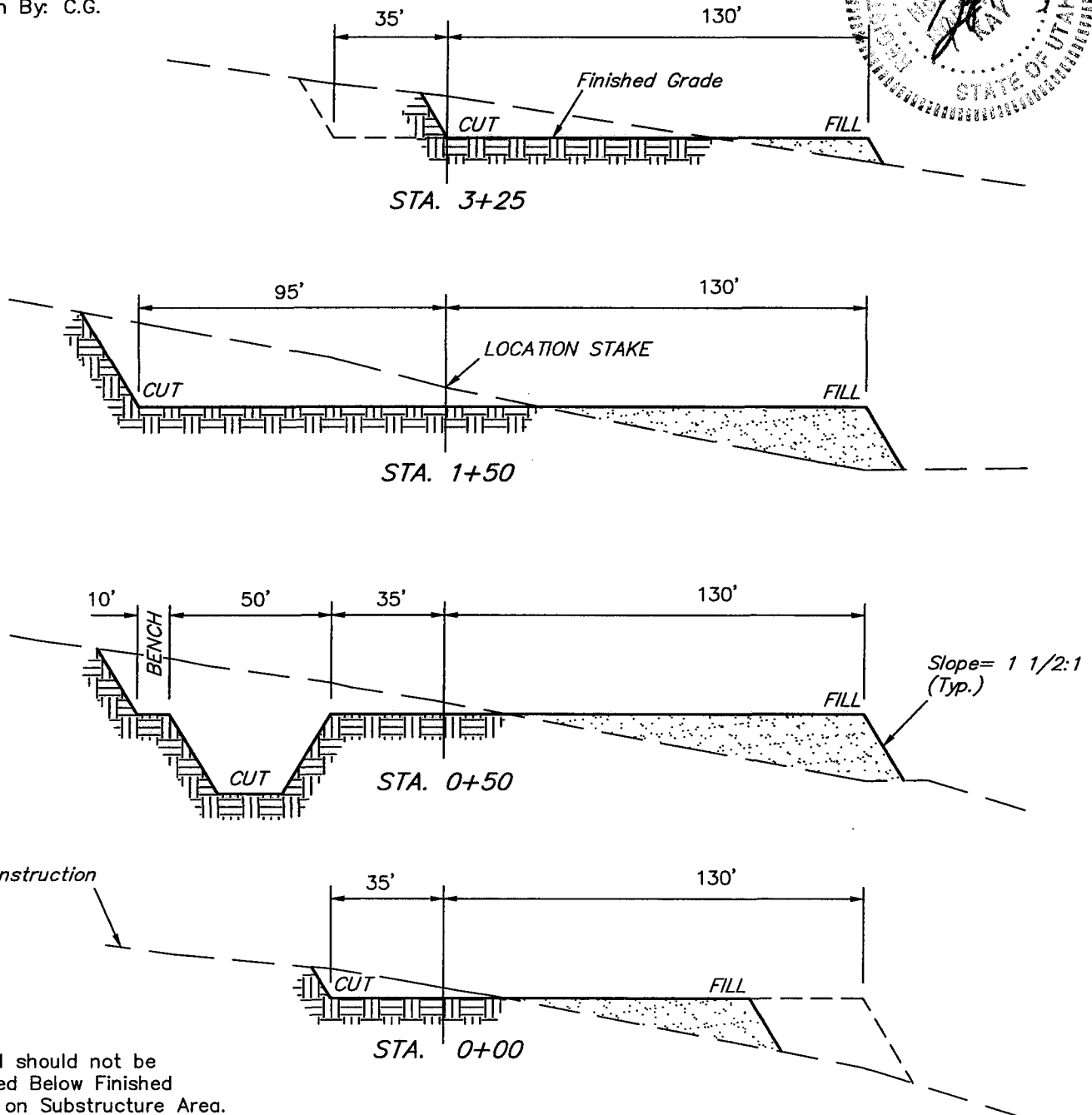
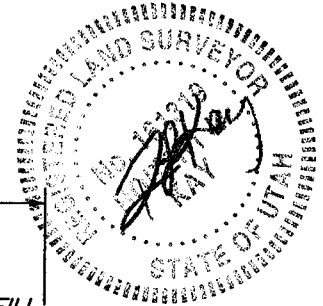
Elev. Ungraded Ground at Location Stake = 7076.6'
Elev. Graded Ground at Location Stake = 7074.2'

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017

X-Section
Scale
1" = 20'
1" = 50'

DATE: 7-8-02
Drawn By: C.G.

TYPICAL CROSS SECTIONS FOR
PINE SPRINGS FEDERAL #9-23-14S-22E
SECTION 23, T14S, R22E, S.L.B.&M.
2129' FNL 375' FEL



NOTE:

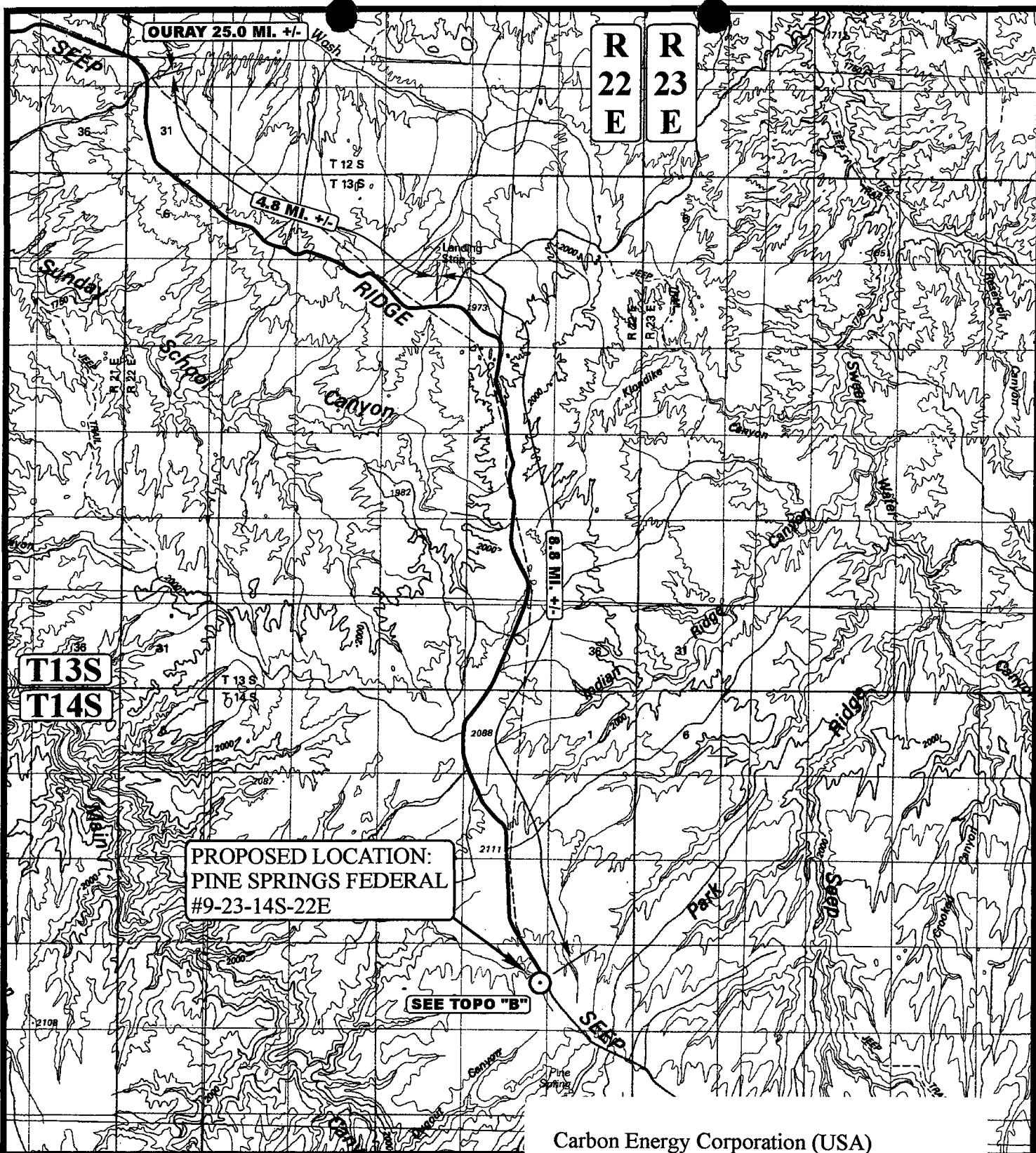
Topsoil should not be
Stripped Below Finished
Grade on Substructure Area.

APPROXIMATE YARDAGES

(6") Topsoil Stripping = 1,150 Cu. Yds.
Remaining Location = 6,110 Cu. Yds.
TOTAL CUT = 7,260 CU.YDS.
FILL = 5,140 CU.YDS.

EXCESS MATERIAL AFTER
5% COMPACTION = 1,850 Cu. Yds.
Topsoil & Pit Backfill = 1,850 Cu. Yds.
(1/2 Pit Vol.)
EXCESS UNBALANCE = 0 Cu. Yds.
(After Rehabilitation)

UINTAH ENGINEERING & LAND SURVEYING
85 So. 200 East * Vernal, Utah 84078 * (435) 789-1017



PROPOSED LOCATION:
PINE SPRINGS FEDERAL
#9-23-14S-22E

SEE TOPO "B"

Carbon Energy Corporation (USA)

LEGEND:

○ PROPOSED LOCATION



PINE SPRINGS FEDERAL #9-23-14S-22E
SECTION 23, T14S, R22E, S.L.B.&M.
2129' FNL 375' FEL



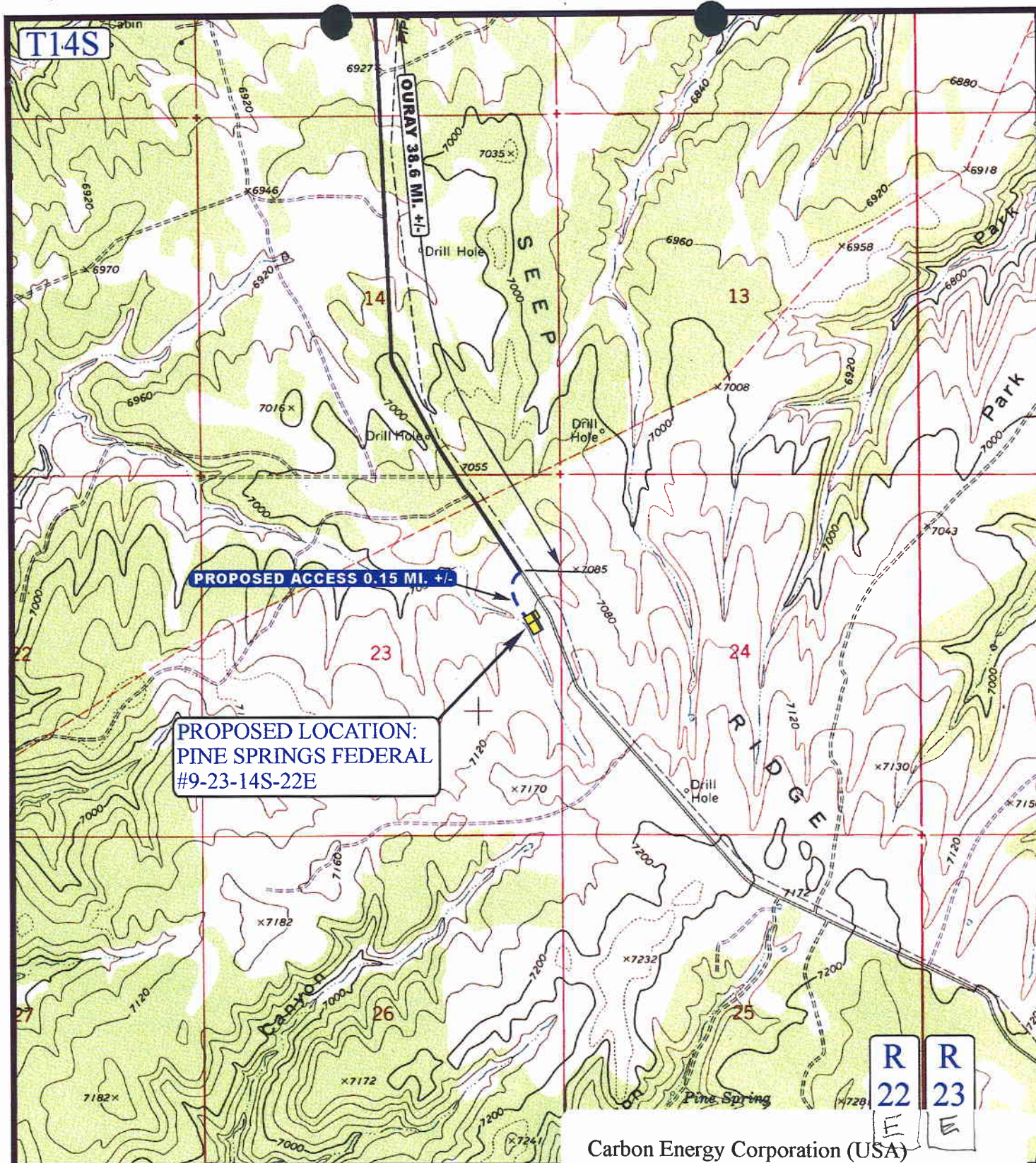
Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
(435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
MAP

6 4 02
MONTH DAY YEAR

SCALE: 1:100,000 | DRAWN BY: J.L.G. | REVISED: 7-8-02





LEGEND:

--- PROPOSED ACCESS ROAD
 — EXISTING ROAD



PINE SPRINGS FEDERAL #9-23-14S-22E
 SECTION 23, T14S, R22E, S.L.B.&M.
 2129' FNL 375' FEL



Uintah Engineering & Land Surveying
 85 South 200 East Vernal, Utah 84078
 (435) 789-1017 * FAX (435) 789-1813

TOPOGRAPHIC
 MAP

6 4 02
 MONTH DAY YEAR

SCALE: 1" = 2000' DRAWN BY: J.L.G. REVISED: 7-8-02



PINE SPRINGS FEDERAL #9-23-14S-22E
LOCATED IN UTAH COUNTY, UTAH
SECTION 23, T14S, R22E, S.L.B.&M.

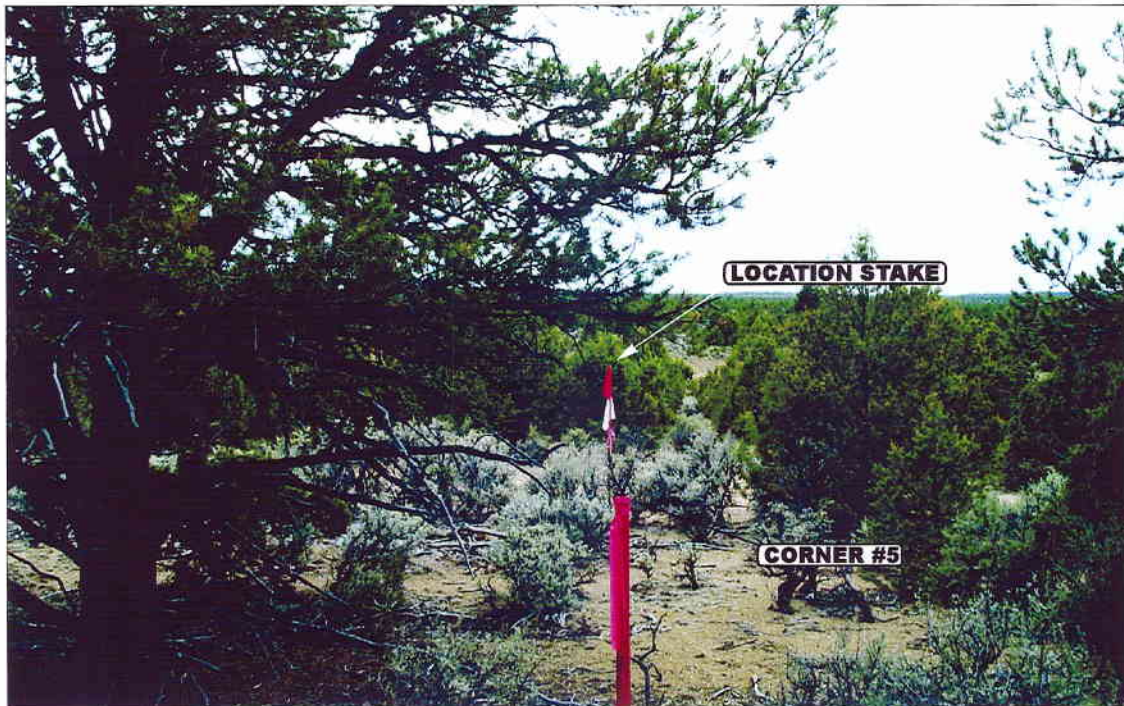


PHOTO: VIEW OF LOCATION STAKE

CAMERA ANGLE: SOUTHWESTERLY



PHOTO: VIEW OF BEGINNING OF PROPOSED ROAD

CAMERA ANGLE: SOUTHWESTERLY



UELS Uintah Engineering & Land Surveying
85 South 200 East Vernal, Utah 84078
435-789-1017 uels@uelsinc.com

LOCATION PHOTOS

6

MONTH

4

DAY

02

YEAR

PHOTO

TAKEN BY: J.F.

DRAWN BY: J.L.G.

REVISED: 7-8-02



Carbon Energy Corporation
Carbon Energy Corporation (USA)
CEC Resources Ltd.

July 17, 2002

Utah Division of Oil Gas and Mining
Attn: Diana Mason
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114-5801

Re: Request for Approval of Exception Well Location
Pine Springs Federal #9-23-14S-22E
SE/4NE/4Section 23 - Township 14 South, Range 22 East
Uintah County, Utah

Gentlemen and Ladies:

Be advised that Carbon Energy Corporation has changed the name of its United States subsidiary from Bonneville Fuels Corporation to Carbon Energy Corporation (USA) effective July 11, 2002.

Carbon staked the referenced well at a location 2,129' from the north line and 375' from the east line of Section 23 - Township 14 South, Range 22 East, Uintah County, Utah. The well was staked at this location because of topographic and archeological considerations identified at the on-site inspection performed on July 2, 2002. The subject location is 375' from the west line of Section 24 - Township 14 South, Range 22 East. Section 24 is unleased federal minerals subject to a pending CHL conversion application (UTU-60566) which is currently held by Carbon.


Utah Oil and Gas Conservation General Rule 649-3-2 states that "in the absence of special orders, each oil and gas well shall be located in the center of a 40 acre quarter-quarter section with a tolerance of 200' in any direction from the center location, a window 400 feet square". Since Sections 23 and 24 - T14S, R22E are not subject to any existing well spacing orders and since the BLM is an owner within a 460' radius of the proposed exception location, Carbon Energy has requested the consent of the Bureau of Land Management to the proposed location. The BLM is the only owner within a 460' radius of the subject well location. A copy of the letter requesting BLM consent is attached for your information. We will forward an original signed consent letter as soon as it is available.

Carbon hereby respectfully requests approval of the enclosed APD for the Pine Springs Federal #9-23-14S-22E well at the proposed exception well location as identified on the attached survey plat.

Thank you for your cooperation in this matter.

Sincerely,

Carbon Energy Corporation (USA)


Dan Smith
Landman

1700 Broadway, Suite 1150, Denver, Colorado 80290 / (303) 863-1555 / Facsimile (303) 863-1558
1750, 530-8th Avenue, S.W., Calgary, Alberta T2P 3S8 / (403) 265-7605 / Facsimile (403) 262-8167

WORKSHEET
APPLICATION FOR PERMIT TO DRILL

005

APD RECEIVED: 07/22/2002

API NO. ASSIGNED: 43-047-34674

WELL NAME: PINE SPRINGS FED 9-23-14S-22E
OPERATOR: CARBON ENERGY CORP (N2195)
CONTACT: RON MILLET

PHONE NUMBER: 303-863-1555

PROPOSED LOCATION:

SENE 23 140S 220E
SURFACE: 2129 FNL 0375 FEL
BOTTOM: 2129 FNL 0375 FEL
UINTAH
PINE SPRINGS (645)

LEASE TYPE: 1 - Federal
LEASE NUMBER: UTU 006614
SURFACE OWNER: 1 - Federal

PROPOSED FORMATION: CSLGT

INSPECT LOCATN BY: / /

Tech Review	Initials	Date
Engineering		
Geology		
Surface		

LATITUDE: 39.58703

LONGITUDE: 109.41386

RECEIVED AND/OR REVIEWED:

☒ Plat
☒ Bond: Fed[1] Ind[] Sta[] Fee[]
(No. UT0604)
☒ Potash (Y/N)
☒ Oil Shale 190-5 (B) or 190-3 or 190-13
☒ Water Permit
(No. 43-8496)
☒ RDCC Review (Y/N)
(Date: _____)
☒ Fee Surf Agreement (Y/N)

LOCATION AND SITING:

___ R649-2-3.
Unit _____
___ R649-3-2. General
Siting: 460 From Qtr/Qtr & 920' Between Wells
☒ R649-3-3. Exception ?
___ Drilling Unit
Board Cause No: _____
Eff Date: _____
Siting: _____
___ R649-3-11. Directional Drill

COMMENTS: _____

STIPULATIONS: 1- Federal Approval
2- Spacing Slip

PINE SPRINGS UNIT

15

✱ PINE SPRING U 1

PINE SPRING FED
12-14-14-22

P M NEILSON-
SWEETWATER CRK 2

14

13

SWEETWATER
CREEK U 14-34

PINE SPRINGS FIELD

PINE SPRINGS FED
12-14-14S-22

PINE SPRINGS FED
9-23-14S-22E

22

23

24

◇ SWEETWATER CREEK U 24-24

**PINE SPRINGS
Unit**

PINE SPRINGS FED
3-23-14S-22E

PINE SPRINGS 13-26-14-22

SWEETWATER CREEK U 25-32

27

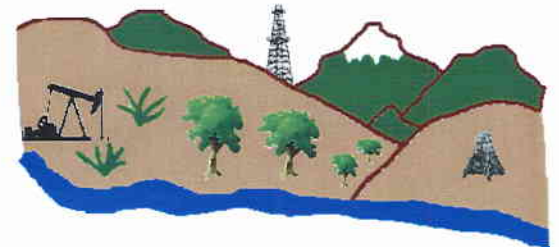
25

OPERATOR NAME: CARBON ENERGY (N2195)

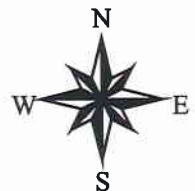
SEC. 23 T14S R22E

FIELD: PINE SPRINGS (645)

COUNTY: UINTAH SPACING: EX LOC /R649-3-3



Utah Oil Gas and Mining



Prepared By: D. Mason
Date: 25-July-2002

Field Status

- ABANDONED
- ACTIVE
- COMBINED
- INACTIVE
- PROPOSED
- STORAGE
- TERMINATED
- Township.shp
- Sections

Well Status

- ✱ Gas Injection
- Gas Storage
- Location Abandoned
- ⊙ Location
- Plugged
- Producing Gas
- Producing Oil
- ✱ Shut-In Gas
- ✱ Shut-In Oil
- ✱ Temporarily Abandoned
- Test Well
- Water Injection
- Water Supply
- Water Disposal

Unit Status

- EXPLORATORY
- GAS STORAGE
- NF PP OIL
- NF SECONDARY
- PENDING
- PI OIL
- PP GAS
- PP GEOTHERML
- PP OIL
- SECONDARY
- TERMINATED

1700 Broadway, Suite 1150
Denver, CO 80290
Phone: 303-863-1555
Fax: 303-863-1558

Carbon Energy Corporation

Fax

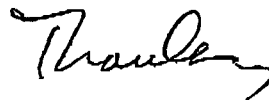
To: Diana Mason From: Dan Smith
Company: Utah DOBM Fax: 801-359-2940
Date: 9/5/02 Pages: 3
Re: Pine Springs 9-23-14522ECC:

☐ Urgent ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

Per our conversation, attached is the
letter signed by Howard Clearinger.

RECEIVED

SEP 04 2002

DIVISION OF
OIL, GAS AND MINING

002

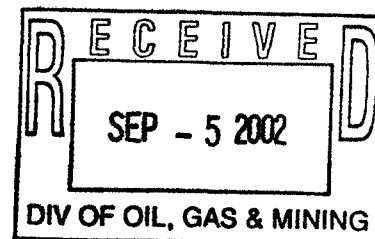


Carbon Energy Corporation
Carbon Energy Corporation (USA)
CEC Resources Ltd.

JUL 25 2002

July 15, 2002

Bureau of Land Management-Vernal Field Office
Assistant Field Manager Mineral Resources
Attn: Howard Cleavinger II
170 South 500 East
Vernal, UT 84078



Re: Consent to Exception Location
Pine Springs Federal #9-23-14S-22E
SE/4NE/4Section 23 - Township 14 South, Range 22 East
Uintah County, Utah

Gentlemen:

Be advised that Carbon Energy Corporation has changed the name of its United States subsidiary from Bonneville Fuels Corporation to Carbon Energy Corporation (USA) effective July 11, 2002.

Carbon staked the referenced well at a location 2,129' from the north line and 375' from the east line of Section 23 - Township 14 South, Range 22 East, Uintah County, Utah. The well was staked at this location because of topographic and archeological considerations identified at the on-site inspection performed on July 2, 2002. The subject location is 375' from the west line of Section 24 - Township 14 South, Range 22 East. Section 24 is unleased federal minerals subject to a pending CHL conversion application (UTU-60566) which is currently held by Carbon.

Utah Oil and Gas Conservation General Rule 649-3-2 states that "in the absence of special orders, each oil and gas well shall be located in the center of a 40 acre quarter-quarter section with a tolerance of 200' in any direction from the center location, a window 400 feet square". Since Sections 23 and 24 - T14S,R22E are not subject to any existing well spacing orders and since the BLM is an owner within a 460' radius of the proposed exception location, the Utah Division of Oil Gas and Mining has requested the consent of the Bureau of Land Management to the proposed location for the subject well.

Please indicate your consent to Carbon's proposed location for the Pine Springs Federal #9-23-14S-22E well by signing and returning one copy of this letter as soon as possible. Thank you for your cooperation in settling this matter.

Sincerely,

Carbon Energy Corporation (USA)

A handwritten signature in cursive script, appearing to read 'Dan Smith'.
Dan Smith
Landman

1700 Broadway, Suite 1150, Denver, Colorado 80290 / (303) 863-1555 / Facsimile (303) 863-1558
1750, 530-8th Avenue, S.W., Calgary, Alberta T2P 3S8 / (403) 265-7605 / Facsimile (403) 262-8167

Bureau of Land Management
July 15, 2002
Page 2

Consent to the Pine Springs Federal #9-23-14S-22E location: 2,129' from the north line and 375' from the east line of Section 23 -- Township 14 South, Range 22 East, Uintah County, Utah

Bureau of Land Management

By:

Thomas B. Cleaving

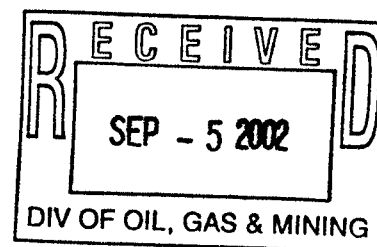
Title:

AFM Mineral Resources

Date:

07/23/2002

cc: Bureau of Land Management
Utah State Office
Chief, Branch of Fluid Minerals
Robert A. Henricks





State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

(801) 538-5340 telephone

(801) 359-3940 fax

(801) 538-7223 TTY

www.nr.utah.gov

Michael O. Leavitt
Governor

Robert L. Morgan
Executive Director

Lowell P. Braxton
Division Director

September 5, 2002

Carbon Energy Corporation USA
1700 Broadway, Suite 1150
Denver, CO 80290

Re: Pine Springs Federal 9-23-14S-22E Well, 2129' FNL, 375' FEL, SE NE, Sec. 23,
T. 14 South, R. 22 East, Uintah County, Utah

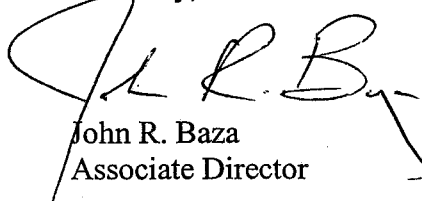
Gentlemen:

Pursuant to the provisions and requirements of Utah Code Ann. § 40-6-1 *et seq.*, Utah Administrative Code R649-3-1 *et seq.*, and the attached Conditions of Approval, approval to drill the referenced well is granted.

Appropriate information has been submitted to DOGM and administrative approval of the requested exception location is hereby granted.

This approval shall expire one year from the above date unless substantial and continuous operation is underway, or a request for extension is made prior to the expiration date. The API identification number assigned to this well is 43-047-34674.

Sincerely,



John R. Baza
Associate Director

pb

Enclosures

cc: Uintah County Assessor
Bureau of Land Management, Vernal District Office

Operator: Carbon Energy Corporation USA
Well Name & Number Pine Springs Federal 9-23-14S-22E
API Number: 43-047-34674
Lease: UTU-006614

Location: SE NE Sec. 23 T. 14 South R. 22 East

Conditions of Approval

1. General

Compliance with the requirements of Utah Admin. R. 649-1 *et seq.*, the Oil and Gas Conservation General Rules, and the applicable terms and provisions of the approved Application for permit to drill.

2. Notification Requirements

Notify the Division within 24 hours of spudding the well.

- Contact Carol Daniels at (801) 538-5284.

Notify the Division prior to commencing operations to plug and abandon the well.

- Contact Dan Jarvis at (801) 538-5338

3. Reporting Requirements

All required reports, forms and submittals will be promptly filed with the Division, including but not limited to the Entity Action Form (Form 6), Report of Water Encountered During Drilling (Form 7), Weekly Progress Reports for drilling and completion operations, and Sundry Notices and Reports on Wells requesting approval of change of plans or other operational actions.

4. State approval of this well does not supersede the required federal approval, which must be obtained prior to drilling.

5. This proposed well is located in an area for which drilling units (well spacing patterns) have not been established through an order of the Board of Oil, Gas and Mining (the "Board"). In order to avoid the possibility of waste or injury to correlative rights, the operator is requested, once the well has been drilled, completed, and has produced, to analyze geological and engineering data generated therefrom, as well as any similar data from surrounding areas if available. As soon as is practicable after completion of its analysis, and if the analysis suggests an area larger than the quarter-quarter section upon which the well is located is being drained, the operator is requested to seek an appropriate order from the Board establishing drilling and spacing units in conformance with such analysis by filing a Request for Agency Action with the Board.

007

Form 3160-3
(August 1999)UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

APPLICATION FOR PERMIT TO DRILL OR REENTER

FORM APPROVED
OMB No. 1004-0136
Expires November 30, 2000

5. Lease Serial No.

UTU-006614

6. If Indian, Allottee or Tribe Name

7. If Unit or CA Agreement, Name and No.

8. Lease Name and Well No.

Pine Springs Federal #9-23-14S-22E

9. API Well No.

10. Field and Pool, or Exploratory

Pine Springs

11. Sec., T., R., M., or Blk. and Survey or Area
Sec 23 T 14S R 22E S.L.B.&M12. County or Parish
Uintah13. State
Ut1a. Type of Work: ☒ DRILL☐ REENTER1b. Type of Well: ☐ Oil Well ☒ Gas Well ☐ Other ☐ Single Zone ☐ Multiple Zone

2. Name of Operator

Carbon Energy Corporation (USA)

3a. Address

1700 Broadway, Suite 1150, Denver CO 80290

3b. Phone No. (include area code)

303-785-2604

4. Location of Well (Report location clearly and in accordance with any State requirements. *)

At surface

2129' FNL 375' FEL

At proposed prod. zone

Same as surface

14. Distance in miles and direction from nearest town or post office*

40 miles south of Ouray, Ut.

15. Distance from proposed*

location to nearest
property or lease line, ft.

(Also to nearest drig. unit line, if any) 375'

16. No. of Acres in lease

1904.46

17. Spacing Unit dedicated to this well

Unspaced

18. Distance from proposed location*

to nearest well, drilling, completed,
applied for, on this lease, ft.

3318'

19. Proposed Depth

5,350'

20. BLM/BIA Bond No. on file

UT 0604

21. Elevations (Show whether DF, KDB, RT, GL, etc.)

7074.2' GL

22. Approximate date work will start*

August 30, 2002

23. Estimated duration

10 days

24. Attachments

The following, completed in accordance with the requirements of Onshore Oil and Gas Order No 1, shall be attached to this form:

1. Well plat certified by a registered surveyor.
2. A Drilling Plan.
3. A Surface Use Plan (if the location is on National Forest System Lands, the SUPO shall be filed with the appropriate Forest Service Office).

4. Bond to cover the operations unless covered by an existing bond on file (see Item 20 above).
5. Operator certification.
6. Such other site specific information and/or plans as may be required by the authorized officer.

25. Signature

Name (Printed/Typed)

Ron Millet

Date

July 9, 2002

Title

Drilling Manager

Approved by (Signature)

Name (Printed/Typed)

Office

Date

09/17/2002

Mineral Resources

NOTICE OF APPROVAL

Application approval does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Conditions of approval, if any, are attached.

Title 18 U.S.C. Section 1001 and Title 43 U.S.C. Section 1212, make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representations as to any matter within its jurisdiction.

*(Instructions on reverse)

RECEIVED

SEP 25 2002

DIVISION OF
OIL, GAS AND MINING

DoGm

CONDITIONS OF APPROVAL
APPLICATION FOR PERMIT TO DRILL

Company/Operator: Carbon Energy Corp. (USA)

Well Name & Number: Pine Springs Federal #9-23-14S-22E

API Number: 43-047-34674

Lease Number: U-6614

Location: SENE Sec. 23 T.14S R. 22E

Agreement: N/A

For more specific details on notification requirements, please check the Conditions of Approval for Notice to Drill and Surface Use Program.

CONDITIONS OF APPROVAL

Approval of this application does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Be aware fire restrictions may be in effect when location is being constructed and/or when well is being drilled. Contact the appropriate Surface Management Agency for information.

Casing Program and Auxiliary Equipment

As a minimum requirement, the cement behind the production casing must extend 200' above the top of the fresh water identified at $\pm 2806'$.

Coring, Logging and Testing Program

Daily drilling and completion progress reports shall be submitted to this office on a weekly basis.

Please submit an electronic copy of all logs run on this well in LAS format. This submission will supercede the requirement for submittal of paper logs to the BLM.

Other Information

In the event after-hours approvals are necessary, you must contact one of the following individuals:

Ed Forsman (435) 828-7874
Petroleum Engineer

Kirk Fleetwood (435) 828-7875
Petroleum Engineer

BLM FAX Machine (435) 781-4410

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

008

SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells.
 Use APPLICATION FOR PERMIT - for such proposals

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other (specify) ?

2. Name of Operator

Carbon Energy Corporation (USA)

3. Address of Operator

1700 Broadway, Denver CO 80290

4. Telephone Number

303 785-2604

5. Location of Well

Footage : 2129' FNL 375' FEL

County : Uintah

QQ, Sec. T., R., M. : SENE Sec 23 T14S R22E SLB&M

State : UT

6. Lease Designation and Serial Number

UTU 006614

7. Indian Allottee or Tribe Name

8. Unit or Communitization Agreement

9. Well Name and Number

Pine Springs Fed. 9-23-14S-22E

10. API Well Number

4304734674

11. Field and Pool, or Wildcat

Pine Springs

12. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

NOTICE OF INTENT

(Submit in Duplicate)

<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input checked="" type="checkbox"/> Change of Plans	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Conversion to Injection	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Vent or Flare
<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Other _____	

Approximate Date Work Will Start _____

SUBSEQUENT REPORT

(Submit Original Form Only)

<input type="checkbox"/> Abandonment *	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Conversion to Injection	<input type="checkbox"/> Vent or Flare
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Other _____	

Date of Work Completion _____

Report results of Multiple Completions and Recompletions to different reservoirs
 on WELL COMPLETION OR RECOMPLETION AND LOG form.

* Must be accompanied by a cement verification report.

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Carbon Energy Corporation (USA) requests a one year extension to the APD for the above referenced well.

Approved by the
 Utah Division of
 Oil, Gas and Mining

Date: 08-15-03

By: 

COPY SENT TO OPERATOR

Date: 9-12-03

Initials: CMO

14. I hereby certify that the foregoing is true and correct.

Name & Signature Ron Millet

Title Drilling Manager

Date 08/27/03

(State Use Only)

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SEP 02 2003

DIV. OF OIL, GAS & MINING

**Application for Permit to Drill
Request for Permit Extension
Validation**

(this form should accompany the Sundry Notice requesting permit extension)

API:

430473467400

Well Name:

Pine Springs Federal 9-23-14S-22E

Location:

2129' FNL, 375' FEL Sec 23, T14S, R22# SLB&M

Company Permit Issued to:

Carbon Energy Corporation (USA)

Date Original Permit Issued: 9/5/2002

The undersigned as owner with legal rights to drill on the property as permitted above, hereby verifies that the information as submitted in the previously approved application to drill, remains valid and does not require revision.

Following is a checklist of some items related to the application, which should be verified.

If located on private land, has the ownership changed, if so, has the surface agreement been updated? Yes ☐ No ☒

Have any wells been drilled in the vicinity of the proposed well which would affect the spacing or siting requirements for this location? Yes ☐ No ☒

Has there been any unit or other agreements put in place that could affect the permitting or operation of this proposed well? Yes ☐ No ☒

Have there been any changes to the access route including ownership, or right-of-way, which could affect the proposed location? Yes ☐ No ☒

Has the approved source of water for drilling changed? Yes ☐ No ☒

Have there been any physical changes to the surface location or access route which will require a change in plans from what was discussed at the onsite evaluation? Yes ☐ No ☒

Is bonding still in place, which covers this proposed well? Yes ☒ No ☐

R. A. Meier
Signature

9/2/2003

Date

Title: Drilling Manager

Representing: Carbon Energy Corporation (USA)

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SEP 03 2003

DIV. OF OIL, GAS & MINING

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENTFORM APPROVED
OMB No. 1004-0135
Expires November 30, 2000

011 SUNDRY NOTICES AND REPORTS ON WELLS

Do not use this form for proposals to drill or to re-enter an abandoned well. Use Form 3160-3 (APD) for such proposals.

SUBMIT IN TRIPLICATE - Other instructions on reverse side

1. Type of Well

☐ Oil Well ☒ Gas Well ☐ Other

2. Name of Operator

Carbon Energy Corporation (USA)

3a. Address

1700 Broadway, Suite 1150, Denver CO 80290

3b. Phone No. (include area code)

(303) 863-1555 ext.

4. Location of Well (Footage, Sec., T, R., M., or Survey Description)

2129' FNL 375' FEL Sec 23 T14S R22E SLB&M

5. Lease Serial No.

UTU-006614

6. If Indian, Allottee or Tribe Name

7. If Unit or CA/Agreement, Name and/or No.

8. Well Name and No.

Pine Springs Federal 9-23-14S-22E

9. API Well No.

430473467400

10. Field and Pool, or Exploratory Area

Pine Springs - Castlegate

11. County or Parish, State

Uintah, UT

12. CHECK APPROPRIATE BOX(ES) TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA

TYPE OF SUBMISSION	TYPE OF ACTION			
<input checked="" type="checkbox"/> Notice of Intent	<input type="checkbox"/> Acidize	<input type="checkbox"/> Deepen	<input type="checkbox"/> Production (Start/Resume)	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Subsequent Report	<input type="checkbox"/> Alter Casing	<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Reclamation	<input type="checkbox"/> Well Integrity
<input type="checkbox"/> Final Abandonment Notice	<input type="checkbox"/> Casing Repair	<input type="checkbox"/> New Construction	<input type="checkbox"/> Recomplete	<input checked="" type="checkbox"/> Other <u>Extend APD</u>
	<input type="checkbox"/> Change Plans	<input type="checkbox"/> Plug and Abandon	<input type="checkbox"/> Temporarily Abandon	
	<input type="checkbox"/> Convert to Injection	<input type="checkbox"/> Plug Back	<input type="checkbox"/> Water Disposal	

13. Describe Proposed or Completed Operation (clearly state all pertinent details, including estimated starting date of any proposed work and approximate duration thereof. If the proposal is to recompleat horizontally, give subsurface locations and measured and true vertical depths of all pertinent markers and zones. Attach the Bond under which the work will be performed or provide the Bond No. on file with BLM/BIA. Required subsequent reports shall be filed within 30 days following completion of the involved operations. If the operation results in a multiple completion or recompleat in a new interval, a Form 3160-4 shall be filed once testing has been completed. Final Abandonment Notices shall be filed only after all requirements, including reclamation, have been completed, and the operator has determined that the site is ready for final inspection.)

Carbon Energy Corporation (USA) requests a one year extension to the APD for the above referenced well.

RECEIVED

DEC 31 2003

DIV. OF OIL, GAS & MINING

CONDITIONS OF APPROVAL ATTACHED

14. I hereby certify that the foregoing is true and correct

Name (Printed/Typed)

Ron Millet

Title Drilling Manager

Signature

Date 8/27/03

THIS SPACE FOR FEDERAL OR STATE OFFICE USE

Approved by

Conditions of approval, if any, are attached. Approval of this notice does not warrant or certify that the applicant holds legal or equitable title to those rights in the subject lease which would entitle the applicant to conduct operations thereon.

Title Petroleum Engineer

Date 12/15/03

Office

Title 18 U.S.C. Section 1001 and title 43 U.S.C. Section 1212 make it a crime for any person knowingly and willfully to make to any department or agency of the United States any false, fictitious or fraudulent statements or representation as to any matter within its jurisdiction.

UDOGM

Carbon Energy Corp.
APD Extension

Well: Pine Springs Fed. 9-23-14S-22E

Location: SENE Sec. 23, T14S, R22E

Lease: U-006614

CONDITIONS OF APPROVAL

An extension for the referenced APD is granted with the following conditions:

1. The extension will expire 09/17/04
2. No other extensions beyond that time frame will be granted or allowed.

If you have any other questions concerning this matter, please contact Kirk Fleetwood of this office at (435) 781-4486

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

SUNDRY NOTICES AND REPORTS ON WELLS Do not use this form for proposals to drill new wells, deepen existing wells, or to reenter plugged and abandoned wells Use APPLICATION FOR PERMIT – for such proposals		6. Lease Designation and Serial Number
		7. Indian Allottee or Tribe Name
		8. Unit or Communitization Agreement
1. Type of Well <input type="checkbox"/> Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other (specify) <u>2</u>		9. Well Name and Number <i>See Attached List</i>
2. Name of Operator <i>Carbon Energy Corporation (USA)</i> <i>N2225</i>		10. API Well Number
3. Address of Operator <i>1401 17th Street, Suite 1200, Denver, CO 80202</i>	4. Telephone Number <i>303 298-8100</i>	11. Field and Pool, or Wildcat
5. Location of Well Footage _____ County _____ QQ, Sec, T, R, M <i>See Attached List</i> State _____		
12. CHECK APPROPRIATE BOXES TO INDICATE NATURE OF NOTICE, REPORT, OR OTHER DATA		

NOTICE OF INTENT
 (Submit in Duplicate)

<input type="checkbox"/> Abandonment	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Recompletion
<input type="checkbox"/> Conversion to Injection	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Vent or Flare
<input type="checkbox"/> Multiple Completion	<input type="checkbox"/> Water Shut-Off
<input type="checkbox"/> Other _____	

Approximate Date Work Will Start _____

SUBSEQUENT REPORT
 (Submit Original Form Only)

<input type="checkbox"/> Abandonment *	<input type="checkbox"/> New Construction
<input type="checkbox"/> Casing Repair	<input type="checkbox"/> Pull or Alter Casing
<input type="checkbox"/> Change of Plans	<input type="checkbox"/> Shoot or Acidize
<input type="checkbox"/> Conversion to Injection	<input type="checkbox"/> Vent or Flare
<input type="checkbox"/> Fracture Treat	<input type="checkbox"/> Water Shut-Off
<input checked="" type="checkbox"/> Other <i>Change of Operator</i>	

Date of Work Completion _____

Report results of Multiple Completions and Recompletions to different reservoirs on WELL COMPLETION OR RECOMPLETION AND LOG form

* Must be accompanied by a cement verification report

13. DESCRIBE PROPOSED OR COMPLETED OPERATIONS (Clearly state all pertinent details, and give pertinent dates. If well is directionally drilled, give subsurface locations and measured and true vertical depths for all markers and zones pertinent to this work.)

Effective January 1, 2004 Carbon Energy Corporation (USA) transferred operations to Evergreen Operating Corporation for the wells indicated on the attached list.

Change of Operator TO:

Name & Signature for Evergreen *Scott Zimmerman* *Scott Zimmerman* Title VP Operations & Engineering Date *N2545*

14. I hereby certify that the foregoing is true and correct

Change of Operator FR

Name & Signature for Carbon *Todd S McDonald* *Todd S McDonald* Title VP Explor & Prod Date *01/08/04*

(State Use Only)

RECEIVED
 JAN 20 2004
 DIV OF OIL, GAS & MINING

Attachment to Form 9							
Wells to have Change of Operator Made - State of Utah							
Carbon Energy Corporation (USA) to Evergreen Operating Corporation							
API Number	Well Name	Footage	Sec	Twp	Rge	Field	County
4304730746	STATE 11-2-15-22	1935' FWL, 1975' FNL	2	15S	22E	Wildcat	Uintah
4304731135	STATE 8-2-15-22	1896' FSL, 625' FEL	2	15S	22E	Wildcat	Uintah
4304731348	FEDERAL 12-18-14-22	566 FWL 2305 FNL	18	14S	22E	Pine Springs	Uintah
4304731074	PINE SPRINGS 13-26-14-22	676 FWL 650 FNL	26	14S	22E	Pine Springs	Uintah
4304731074	PINE SPRINGS 13-26-14-22	676 FWL 650 FNL	26	14S	22E	Pine Springs	Uintah
4304730582	TRAPP SPRINGS 4-25-14-23	717 FWL 695 FSL	25	14S	23E	Main Canyon	Uintah
4304730944	MAIN CANYON 8-36-14-23	2018' FSL, 597' FEL	36	14S	23E	Main Canyon	Uintah
4304730248	BLACK HORSE 2 (1-29-15-24)	555' FEL, 528' FSL	29	15S	24E	Wildcat	Uintah
4304730674	MAIN CANYON 15-8-15-23	1058 FNL 2348 FEL	8	15S	23E	Main Canyon	Uintah
4304730735	MAIN CANYON 2-8-15-23	827 FSL 1715 FEL	8	15S	23E	Main Canyon	Uintah
4304730736	MAIN CANYON 7-17-15-23	1605 FEL 1941 FSL	17	15S	23E	Main Canyon	Uintah
4304730977	MAIN CANYON 8-7-15-32	1827' FSL, 649' FEL	7	15S	23E	Main Canyon	Uintah
4304731043	MAIN CANYON 4-4-15-23	376 FWL 923 FSL	4	15S	23E	Main Canyon	Uintah
4304730639	MAIN CANYON 11-10-15-23	1623 FWL 2288 FNL	10	15S	23E	Main Canyon	Uintah
4304731073	MAIN CANYON 6-8-15-23	1969' FWL, 1978' FSL	8	15S	23E	Main Canyon	Uintah
4304731111	MAIN CANYON 16-4-15-23	1980' FWL, 1977' FSL	4	15S	23E	Main Canyon	Uintah
4301930136	ANDERSON FED 2	1159 FSL, 1462 FWL	12	16S	24E	East Canyon	Grand
4301930955	FEDERAL 24-1	726 FNL 2165 FEL	24	16S	24E	East Canyon	Grand
4304730284	PINE SPRING UNIT 1	1982 FWL 1980 FSL	15	14S	22E	Pine Springs	Uintah
4304730331	DRY BURN U 1	1447' FSL, 1389' FEL	29	13S	25E	Wildcat	Uintah
4304730619	CROOKED CANYON 13-17-14-23	683' FWL, 537' FNL	17	14S	23E	Wildcat	Uintah
4304731040	SWEETWATER 6-13-14-24	1855' FWL, 2206' FSL	13	14S	24E	Sweetwater	Uintah
4304730460	SWEETWATER CANYON 1	718' FWL, 2132' FNL	14	14S	24E	Sweetwater	Uintah
4304730622	WOLF UNIT 3-11-15-21	1909' FWL, 994' FSL	11	15S	21E	Wolfpoint	Uintah
4304731104	BLACK HORSE 12-8-15-24	612' FWL, 1934' FNL	8	15S	24E	Wildcat	Uintah
4304731045	BLACK HORSE 14-15-15-24	2156' FWL, 772' FNL	15	15S	24E	Wildcat	Uintah
4304731137	FEDERAL 5-13-15-21	1976 FSL 661 FWL	13	15S	21E	Wolfpoint	Uintah
4304731027	FEDERAL 6-14-15-21	1980' FWL, 1977' FSL	14	15S	21E	Wolfpoint	Uintah
4304731071	FEDERAL 7-15-15-21	1817' FSL, 1657' FEL	15	15S	21E	Wolfpoint	Uintah
4304731091	FEDERAL 2-18-15-22	1927' FEL, 687' FSL	18	15S	22E	Wolfpoint	Uintah
4304730975	TRAPP SPRINGS 1-25-14-23	456' FSL, 1198' FEL	25	14S	23E	Main Canyon	Uintah
4304731041	TRAPP SPRINGS 16-25-14-23	838' FNL, 800' FEL	25	14S	23E	Main Canyon	Uintah
4304731003	TRAPP SPRINGS 3-26-14-23	1058' FLS, 1627' FWL	26	14S	23E	Main Canyon	Uintah
4304730791	TRAPP SPRINGS 6-35-14-23	2610 FWL 1500 FSL	35	14S	23E	Wildcat	Uintah
4304731042	PINE SPRINGS 7-21-14-22	2410 FEL 2210 FSL	21	14S	22E	Pine Springs	Uintah
4304731063	PINE SPRINGS 8-20-14-22	2039 FSL 689 FEL	20	14S	22E	Pine Springs	Uintah
4304731072	MAIN CANYON 6-3-15-23	2107' FWL, 2153' FSL	3	15S	23E	Main Canyon	Uintah
4304731077	FEDERAL 1-34	1797 FSL 800 FEL	34	16S	24E	Bryson Canyon	Grand
4301931078	FEDERAL 2-34	905 FSL 1533 FWL	34	16S	24E	Bryson Canyon	Grand
4304730332	FEDERAL 10-23-14S-24E (1-L-23)	1322' FNL, 1815' FEL	23	14S	24E	Sweetwater	Uintah
4304730325	RAT HOLE CANYON 1	2156' FSL, 1993' FEL	8	14S	25E	Wildcat	Uintah
4304731096	PINE SPRINGS 9-12-14-21	1848 FNL 686 FEL	12	14S	21E	Pine Springs	Uintah
4304734675	PINE SPRINGS 3-23-14-22	460' FSL 2175' FWL	23	14S	22E	Pine Springs	Uintah
4304734676	PINE SPRINGS 12-23-14-22	2052' FNL 462'FWL	23	14S	22E	Pine Springs	Uintah
4304734941	BONANZA FED 15-27-10-25	475' FNL, 1790'	27	10S	25E	Wildcat	Uintah
4304734674	PINE SPRINGS 9-23-14-22	2129' FNL 375' FEL	23	14s	22E	Pine Springs	Uintah

OPERATOR CHANGE WORKSHEET

ROUTING

1. GLH

2. CDW

3. FILE

009

X Change of Operator (Well Sold)

Designation of Agent/Operator

Operator Name Change

Merger

The operator of the well(s) listed below has changed, effective:

1/1/2004

FROM: (Old Operator):

N2225-Carbon Energy Corporation (USA)

1401 17th St, Suite 1200

Denver, CO 80202

Phone: 1-(303) 298-8100

TO: (New Operator):

N2545-Evergreen Operating Corp.

1401 17th Street, Suite 1200

Denver, CO 80202

Phone: 1-(303) 298-8100

CA No.

Unit:

WELL(S)

NAME	SEC	TWN	RNG	API NO	ENTITY NO	LEASE TYPE	WELL TYPE	WELL STATUS	
TRAPP SPRINGS 8-36-14-23	36	140S	230E	4304730944	10895	State	GW	P	
STATE 11-2-15-22	02	150S	220E	4304730746	8074	State	GW	S	C
STATE 8-2-15-22	02	150S	220E	4304731135	8076	State	GW	S	
BONANZA FED 15-27-10-25	27	100S	250E	4304734941	13840	Federal	GW	P	C
DRY BURN U 1	29	130S	250E	4304730331	8050	Federal	GW	S	
PINE SPRINGS 9-12-14-21	12	140S	210E	4304731096	10772	Federal	GW	S	
PINE SPRING U 1	15	140S	220E	4304730284	595	Federal	GW	P	
FEDERAL 12-18-14-22	18	140S	220E	4304731348	10772	Federal	GW	S	
PINE SPRINGS 8-20-14-22	20	140S	220E	4304731063	8086	Federal	GW	P	
PINE SPRINGS 7-21-14-22	21	140S	220E	4304731042	8086	Federal	GW	P	
PINE SPRINGS FED 9-23-14S-22E	23	140S	220E	4304734674		Federal	GW	APD	
PINE SPRINGS FED 12-23-14S-22E	23	140S	220E	4304734676	13616	Federal	GW	TA	
PINE SPRINGS 13-26-14-22	26	140S	220E	4304731074	13615	Federal	GW	P	
CROOKED CYN 13-17-14-23	17	140S	230E	4304730619	8055	Federal	GW	P	
TRAPP SPRINGS 4-25-14-23	25	140S	230E	4304730582	10894	Federal	GW	P	
TRAPP SPRINGS 1-25-14-23	25	140S	230E	4304730975	8081	Federal	GW	S	
TRAPP SPRINGS 16-25-14-23	25	140S	230E	4304731041	8081	Federal	GW	S	
TRAPP SPRINGS 3-26-14-23	26	140S	230E	4304731003	8081	Federal	GW	P	
TRAPP SPRINGS 6-35-14-23	35	140S	230E	4304730791	8081	Federal	GW	P	
SWEETWATER 6-13-14-24	13	140S	240E	4304731040	8060	Federal	GW	S	
SWEETWATER CYN 1	14	140S	240E	4304730460	8060	Federal	GW	S	
1-L-23	23	140S	240E	4304730332	9560	Federal	GW	S	
RAT HOLE CYN 1	08	140S	250E	4304730325	9565	Federal	GW	S	

Enter date after each listed item is completed

1. (R649-8-10) Sundry or legal documentation was received from the FORMER operator on: 1/22/20042. (R649-8-10) Sundry or legal documentation was received from the NEW operator on: 1/22/20043. The new company was checked on the Department of Commerce, Division of Corporations Database on: 12/29/20034. Is the new operator registered in the State of Utah: YES Business Number: 5531527-0143

5. If NO, the operator was contacted contacted on: _____

6. (R649-9-2)Waste Management Plan has been received on:

In Place

7. **Federal and Indian Lease Wells:** The BLM and or the BIA has approved the merger, name change, or operator change for all wells listed on Federal or Indian leases on: BLM BIA

8. **Federal and Indian Units:**

The BLM or BIA has approved the successor of unit operator for wells listed on: n/a

9. **Federal and Indian Communization Agreements ("CA"):**

The BLM or BIA has approved the operator for all wells listed within a CA on: n/a

10. **Underground Injection Control ("UIC")** The Division has approved UIC Form 5, Transfer of Authority to Inject, for the enhanced/secondary recovery unit/project for the water disposal well(s) listed on: N/A

DATA ENTRY:

1. Changes entered in the Oil and Gas Database on: 1/28/2004
2. Changes have been entered on the Monthly Operator Change Spread Sheet on: 1/28/2004
3. Bond information entered in RBDMS on: N/A
4. Fee wells attached to bond in RBDMS on: N/A
5. Injection Projects to new operator in RBDMS on: n/a

STATE WELL(S) BOND VERIFICATION:

1. State well(s) covered by Bond Number: RLB0006732

FEDERAL WELL(S) BOND VERIFICATION:

1. Federal well(s) covered by Bond Number: RLB0006705

INDIAN WELL(S) BOND VERIFICATION:

1. Indian well(s) covered by Bond Number: n/a

FEE WELL(S) BOND VERIFICATION:

1. (R649-3-1) The NEW operator of any fee well(s) listed covered by Bond Number n/a
2. The FORMER operator has requested a release of liability from their bond on: N/A
The Division sent response by letter on: N/A

LEASE INTEREST OWNER NOTIFICATION:

3. (R649-2-10) The FORMER operator of the fee wells has been contacted and informed by a letter from the Division of their responsibility to notify all interest owners of this change on: N/A

COMMENTS:



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410
<http://www.blm.gov/utah/vernal>



IN REPLY REFER TO:

3162.3

UT08300

March 11, 2004

Scott Zimmerman
 Evergreen Operating Corp.
 1401 17th Street, Suite 1200
 Denver, Colorado 80202

Re: Wells: Pine Springs Fed. 9-23-14-22 -4304734674^K
 SENE, Sec. 23, T14S, R22E
 Pine Springs Fed. 12-23-14-22 -4304734676^K
 SWNW, Sec. 23, T14S, R22E
 Uintah County, Utah
 Lease No. UTU-6614

Dear Mr. Zimmerman:

This correspondence is in regard to the self-certification statement submitted requesting a change in operator for the referenced wells. After a review by this office, the change in operator request is approved. Effective immediately, Evergreen Operating Corp. is responsible for all operations performed on the referenced wells. All liability will now fall under your bond, BLM Bond No. UTB000072, for all operations conducted on the referenced wells on the leased land.

If you have any other questions concerning this matter, please contact Leslie Walker of this office at (435) 781-4497.

Sincerely,

Kirk Fleetwood
 Petroleum Engineer

cc: UDOGM

RECEIVED

MAR 19 2004

DIV. OF OIL, GAS & MINING



State of Utah

Department of
Natural ResourcesROBERT L. MORGAN
*Executive Director*Division of
Oil, Gas & MiningLOWELL P. BRAXTON
*Division Director*OLENE S. WALKER
*Governor*GAYLE F. McKEACHNIE
Lieutenant Governor

September 21, 2004

Brian Wood
Evergreen Operating Corp.
1401 17th Street, Suite 1200
Denver CO 80202Re: APD Rescinded – Pine Springs Fed 9-23-14S-22E, Sec. 23, T.14S, R. 22E
Uintah County, Utah API No. 43-047-34674

Dear Mr. Wood:

The Application for Permit to Drill (APD) for the subject well was approved by the Division of Oil, Gas and Mining (Division) on September 5, 2002. On September 15, 2003, the Division granted a one-year APD extension. No drilling activity at this location has been reported to the division. Therefore, approval to drill the well is hereby rescinded, effective September 21, 2004.

A new APD must be filed with this office for approval prior to the commencement of any future work on the subject location.

If any previously unreported operations have been performed on this well location, it is imperative that you notify the Division immediately.

Sincerely,

A handwritten signature in cursive script that reads "Diana Whitney".
Diana Whitney
Engineering Techniciancc: Well File
Bureau of Land Management, Vernal

013

43-047-34674



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Vernal Field Office

170 South 500 East

Vernal, UT 84078

(435) 781-4400 Fax: (435) 781-4410

<http://www.blm.gov/utah/vernal>



IN REPLY REFER TO:

3160

UT08300

December 22, 2004

Scott Zimmerman
Evergreen Operating Corp.
1401 17th Street, Suite 1200
Denver, Colorado 80202

Re: Notification of Expiration
Well No. Pine Springs Fed. 9-23-14-22
SENE, Sec. 23, T14S, R22E
Uintah County, Utah
Lease No. UTU-6614

Dear Mr. Zimmerman:

The Application for Permit to Drill the above-referenced well was approved on September 17, 2002. A one (1) year extension of the original APD was requested. The request was reviewed and the extension approved until September 17, 2004. According to our records, no known activity has transpired at the approved location. In view of the foregoing, this office is notifying you that the approval of the referenced application has expired. If you intend to drill at this location at a future date, a new Application for Permit to Drill must be submitted.

This office requires a letter confirming that no surface disturbance has been made for this drill site. Any surface disturbance associated with the approved location of this well is to be rehabilitated. A schedule for this rehabilitation must be submitted to this office. Your cooperation in this matter is appreciated.

Sincerely,

Leslie Walker

Leslie Walker
Legal Instruments Examiner

cc: UDOGM

RECEIVED

DEC 27 2004

DIV. OF OIL, GAS & MINING